



CONNECTICUT REALTORS®

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Statement on

H.B. 5501 (Raised): AN ACT AUTHORIZING A LIMITED SCOPE REAL ESTATE ESTIMATED VALUATION

SUPPORT WITH AMENDMENTS

Submitted to the Insurance and Real Estate Committee
March 13, 2014

By Stacy King
Connecticut REALTORS®

Good afternoon Senator Crisco, Representative Megna and members of the committee. My name is Stacy King and I am a REALTOR in Berlin and the current President of the Mid State Board of REALTORS. I have the privilege of speaking on behalf of over 15,000 members of the Association in support with amendments to HB 5501, an act that would authorize appraisers to conduct a limited scope real estate valuation.

1. **Our amendment would permit payment of a fee for a real estate licensee to conduct a Broker Price Opinion, which is already permitted under the scope of a real estate licensee's experience, education and license for properties in which we may or will list or sell. Note that we are not asking in any way to perform appraisals, which establishes value for property; we are discussing Broker Price Opinions, which is synonymous with Comparative Price Analysis, which are routinely performed by only real estate licensees and never appraisers. Many thousands of consumers throughout Connecticut put their trust in us annually to price properties correctly; and we wish to be paid in any circumstance that would utilize our pricing expertise.**
2. **It is harmful to thousands of small businesses in Connecticut to openly prevent payment for a fee when several federal regulators, attorneys and the lending industry would otherwise allow it. Our Association represents over 2,500 small businesses in Connecticut who are being denied payment for services due to this restrictive law. Why should a national lender or multi-state law firm pay real estate licensees in 44 states for these exact services performed within the scope of their license, while Connecticut denies that payment? This is money that is lost to the Connecticut economy because it's a forced "free" service.**

For example, the FDIC and the Federal Reserve Board recognize the use of BPOs to determine the disposition of distressed properties. The Department of Treasury also recognizes BPOs as a viable price opinion method in the Home Affordable Modification Program which could include 9 million homeowners nationwide.

3. There are presently 44 other states that explicitly allow real estate licensees to perform Broker Price Opinions (BPOs) for a fee either very broadly (34 states) or for purposes beyond those permitted by Connecticut statute, such as with lienholders (10 states.) Our two largest bordering states, MA and NY, and the remainder of New England States (except Rhode Island) are among those that permit real estate licensees to broadly perform BPOs for a fee.
4. We oppose language that seeks to set fees for what Appraisers may charge for a limited valuation product. Fees for professional services should be market-driven. It is anti-competitive in our opinion for a state regulatory agency to seek to establish a fee on product that would otherwise be open to free market competition. That does not give the consumer the benefit of reduced pricing in a competitive market.
5. Federal law establishes when Appraisals must be performed by a licensed or certified appraiser and we strongly support those laws. When an appraisal is required by federal law, such as for originating a mortgage or any lending activity involving federally-related funds, those should and must utilize an appraiser. Our industry works with appraisers daily as part of the value they bring to the transaction when appraisal services are required or needed. We also support disclosures on Broker Price Opinions that they were are not appraisals, were not conducted by a licensed or certified appraiser, and may not be used with any federally-funded mortgage activities.
6. This is legislation that Connecticut REALTORS® has pushed in the past, and we believe the time to act on it is now.

We respectfully request your consideration in accepting our amendment to HB 5501 to permit Broker Price Opinions for a fee in Connecticut. That amendment is attached to the written testimony.

Thank you for your consideration.